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David Maxwell-Jolly, Director
Department of Health Care Services

VIA E-MAIL

Dear Director Maxwell-Jolly:

The California Association of Health Plans (CAHP) appreciates the opportunity to comment on your May 2010 "California Section 1115 Comprehensive Demonstration Project Waiver Implementation Plan." Below is a summary of our members' comments.

Health plans continue to support the inclusion of more seniors and people with disabilities (SPD) in the Medi-Cal managed care program. We applaud your recognition of the value of managed care as an accountable delivery system that can achieve better health outcomes and cost efficiencies. Our members look forward to being a constructive partner during the implementation of the waiver.

Our central view continues to be that any Knox-Keene licensed health plan that meets the necessary performance requirements should be eligible to deliver care to SPD members. Accordingly, the *same* designated performance standards must apply to all organized delivery systems, including any alternative delivery system. We also continue to stress that risk sharing must be a central feature for any organized system if the waiver's dual goals of improving quality and lowering costs will be achieved.

In order to ensure a successful transition to mandatory enrollment of SPDs that meets the Department's ambitious timetable it is necessary to obtain more explicit details on the set of crucial issues discussed below before the enrollment of this population begins.

Rate Adequacy – The delivery of appropriate care for SPDs largely rests upon the adequacy of resources. The recently published May 2010 Medi-Cal Estimate assumes that the managed care capitation rates for carved-in services will be 90% of fee-for-service (FFS) costs, and is based on a comparison of current FFS costs for the non-enrolled SPDs to the Two Plan and GMC rates for SPDs currently enrolled in these plans. Plans need more detail on how the managed rate for the mandatory SPD population was developed:

- What are the base figures used for the calculation of the managed care rate?

- How was the base discounted for services carved out in Medi-Cal managed care such as long term care? What services will be carved out of health plan responsibility?
- Has the Department completed an actuarial analysis of how costs and the potential rates for this existing FFS population compares to the rates health plans currently receive for their voluntary SPD enrollees? If so, what data was this based on and will the results be shared with the health plans?

Performance Standards – Performance standards suitable to accommodate an influx of SPDs into organized care delivery are essential. While the implementation plan provides a thorough list of standards that the Department is contemplating, we look forward to reviewing more specific information about the criteria or benchmarks that managed care systems must meet to care for SPDs. **It is essential that standards be clearly defined, reasonable, and flexible so that they do not become an unintended barrier to systems of managed care from participating in the enrollment of the SPD population.**

Data – Equally important is access to the critical data that will help plans prepare for a seamless and careful transition of SPDs into managed care. Examples of critical data include aggregate diagnoses information and a comprehensive list of current providers. **It is important for any needed data to be recent and readily accessible to plans early in the transition process so that our members can do the network and care management planning necessary to accommodate mandatory SPD enrollment.**

Our members appreciate the opportunity to participate in the process of developing the waiver through an extensive and thorough stakeholder process. The above elements are crucial to resolve in order to make any transition smooth for beneficiaries, health plans, and the state. Thank you for considering these comments and questions.

Sincerely,



Patrick Johnston
President & CEO

California Association of Health Plans